

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Casco Township</b>	County <b>Allegan</b>
Audit Date <b>6/30/04</b>	Opinion Date <b>12/23/04</b>	Date Accountant Report Submitted to State: <b>1/26/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Siegfried Crandall PC</b>			
Street Address <b>246 East Kilgore Road</b>		City <b>Kalamazoo</b>	State <b>MI</b>
		ZIP <b>49002-5599</b>	
Accountant Signature 		Date <b>1/26/05</b>	

*Township of Casco*  
*Allegan County, Michigan*  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
*Year ended June 30, 2004*

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## INDEPENDENT AUDITORS' REPORT

**Board of Trustees  
Township of Casco, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of the Township of Casco, Michigan, as of June 30, 2004, and for the year then ended, which collectively comprise the Township of Casco, Michigan's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Casco, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the Township of Casco, Michigan, as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 11, the Township of Casco, Michigan has implemented a new financial reporting model, as required by the provisions of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2003.

The budgetary comparison information, on pages 18 through 21, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Township of Casco, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

INDEPENDENT AUDITORS' REPORT *(Continued)*

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Township of Casco, Michigan's basic financial statements. The supplementary information, as listed in the contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Township of Casco, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sigfried Crandall P.C.*

December 23, 2004

## **BASIC FINANCIAL STATEMENTS**

**Township of Casco**  
**STATEMENT OF NET ASSETS**  
*June 30, 2004*

	<u><b>Governmental activities</b></u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 1,052,152
Receivables	186,452
Prepaid expenses	<u>7,655</u>
<i>Total current assets</i>	<u>1,246,259</u>
Noncurrent assets:	
Receivables	2,009,162
Long term advance to other governmental units	273,631
Capital assets (net of accumulated depreciation)	<u>229,438</u>
<i>Total noncurrent assets</i>	<u>2,512,231</u>
<i>Total assets</i>	<u>3,758,490</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	52,863
Customer deposits	294
Current maturities of long-term debt	<u>149,119</u>
<i>Total current liabilities</i>	<u>202,276</u>
Noncurrent liabilities:	
Long-term debt	<u>2,009,162</u>
<i>Total liabilities</i>	<u>2,211,438</u>
<b>NET ASSETS</b>	
Invested in capital assets	229,817
Restricted for:	
Public safety	389,142
Public works	94,243
Unrestricted, unallocated	<u>833,850</u>
<i>Total net assets</i>	<u>\$ 1,547,052</u>

See notes to financial statements

**Township of Casco**  
**STATEMENT OF ACTIVITIES**  
Year ended June 30, 2004

	<b>Program Revenues</b>			<b>Net (expenses) revenues and changes in net assets</b>
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Governmental activities</u>
<b>Functions /Programs</b>				
<i>Governmental activities:</i>				
Legislative	\$ 3,295	\$ -	\$ -	\$ (3,295)
General government	157,581	43,866	-	(113,715)
Public safety	224,772	59,797	-	(164,975)
Public works	120,329	4,104	4,864	(111,361)
Health and welfare	144,496	-	-	(144,496)
Community and economic development	96,181	8,025	-	(88,156)
Recreation and culture	2,800	-	-	(2,800)
Interest on long-term debt	<u>143,518</u>	<u>-</u>	<u>-</u>	<u>(143,518)</u>
<i>Total governmental activities</i>	<u>\$ 892,972</u>	<u>\$ 115,792</u>	<u>\$ 4,864</u>	<u>(772,316)</u>
<i>General revenues:</i>				
Taxes				603,358
State grants				219,650
Investment income				152,442
Other				<u>26,785</u>
<i>Total general revenues</i>				<u>1,002,235</u>
<b>Change in net assets</b>				229,919
<b>Net assets - beginning of year</b>				<u>1,317,133</u>
<b>Net assets - end of year</b>				<u>\$ 1,547,052</u>

See notes to financial statements



**Township of Casco**  
**GOVERNMENTAL FUND BALANCE SHEET**  
June 30, 2004

	<u>General</u>	<u>Roads</u>	<u>Fire and Ambulance</u>	<u>Debt Service</u>	<u>Other governmental funds</u>	<u>Totals</u>
<b>ASSETS</b>						
Cash	\$ 563,171	\$ 155,478	\$ 333,450	\$ -	\$ 53	\$ 1,052,152
Receivables	37,333	-	-	2,158,281	-	2,195,614
Due from other funds	47,985	-	-	-	-	47,985
Prepaid expenses	7,655	-	-	-	-	7,655
Long-term advance to other governments	273,631	-	-	-	-	273,631
<i>Total assets</i>	<u>\$ 929,775</u>	<u>\$ 155,478</u>	<u>\$ 333,450</u>	<u>\$ 2,158,281</u>	<u>\$ 53</u>	<u>\$ 3,577,037</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	39,560	13,250	-	-	53	52,863
Due to other funds	-	47,985	-	-	-	47,985
Customer deposits	294	-	-	-	-	294
Deferred revenue	5,700	-	-	2,158,281	-	2,163,981
<i>Total liabilities</i>	<u>45,554</u>	<u>61,235</u>	<u>-</u>	<u>2,158,281</u>	<u>53</u>	<u>2,265,123</u>
Fund balances:						
Reserved for:						
Land restoration	2,050	-	-	-	-	2,050
Long-term advance	273,631	-	-	-	-	273,631
Unreserved:						
Designated	55,692	-	-	-	-	55,692
Undesignated	552,848	94,243	333,450	-	-	980,541
<i>Total fund balance</i>	<u>884,221</u>	<u>94,243</u>	<u>333,450</u>	<u>-</u>	<u>-</u>	<u>1,311,914</u>
<i>Total liabilities and fund balances</i>	<u>\$ 929,775</u>	<u>\$ 155,478</u>	<u>\$ 333,450</u>	<u>\$ 2,158,281</u>	<u>\$ 53</u>	
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>						
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.						229,438
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds						2,163,981
Long-term liabilities, including contracts payable, are not due and payable in the current period and therefore are not reported in the funds.						(2,158,281)
Net assets of governmental funds						<u>\$ 1,547,052</u>

See notes to financial statements

**Township of Casco**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - Governmental Funds**  
Year ended June 30, 2004

	<u>General</u>	<u>Roads</u>	<u>Fire and Ambulance</u>	<u>Debt Service</u>	<u>Other governmental funds</u>	<u>Totals</u>
<b>REVENUES</b>						
Taxes	\$ 122,432	\$ 138,391	\$ 283,176	\$ -	\$ 59,359	\$ 603,358
Licenses and permits	59,797	-	-	-	-	59,797
State grants	224,514	-	-	-	-	224,514
Charges for services	25,760	-	-	-	-	25,760
Interest and rentals	30,503	223	813	143,518	-	175,057
Other	29,305	-	-	181,290	-	210,595
<i>Total revenues</i>	<u>492,311</u>	<u>138,614</u>	<u>283,989</u>	<u>324,808</u>	<u>59,359</u>	<u>1,299,081</u>
<b>EXPENDITURES</b>						
Legislative	3,295	-	-	-	-	3,295
General government	135,788	-	-	-	-	135,788
Public safety	41,048	-	183,724	-	-	224,772
Public works	93,071	56,837	-	-	-	149,908
Health and welfare	-	-	85,137	-	59,359	144,496
Community and economic development	95,897	-	-	-	-	95,897
Recreation and culture	2,800	-	-	-	-	2,800
Debt service:						
Principal	-	-	-	181,290	-	181,290
Interest	-	-	-	143,518	-	143,518
Capital outlay	18,020	-	-	-	-	18,020
<i>Total expenditures</i>	<u>389,919</u>	<u>56,837</u>	<u>268,861</u>	<u>324,808</u>	<u>59,359</u>	<u>1,099,784</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>102,392</u>	<u>81,777</u>	<u>15,128</u>	<u>-</u>	<u>-</u>	<u>199,297</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>781,829</u>	<u>12,466</u>	<u>318,322</u>	<u>-</u>	<u>-</u>	<u>1,112,617</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 884,221</u>	<u>\$ 94,243</u>	<u>\$ 333,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,311,914</u>
Net change in fund balances - total governmental funds						\$ 199,297

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$36,891) exceeded depreciation (\$11,369) in the current period.	25,522
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. Deferred revenues increased (decreased) by this amount this year:	
Special assessments	(181,290)
Interest on long-term advances to other governmental units	5,100
Repayment of contract payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	181,290
Change in net assets of governmental activities	<u>\$ 229,919</u>

***Township of Casco***  
**STATEMENT OF NET ASSETS - FIDUCIARY FUND**  
*June 30, 2004*

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	<b><i>Agency Fund</i></b>
	<hr/>
<b>ASSETS</b>	
Cash	\$ <u>1,594</u>
<b>LIABILITIES</b>	
Due to other governmental units	\$ <u>1,594</u>

*See notes to financial statements*

***Township of Casco***  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Casco, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles), as applicable to governments. The following is a summary of the more significant policies:

*a) Reporting entity:*

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Township has determined that no outside agency meets the above criteria and, therefore, no outside agency has been included as a blended or discretely-presented component unit in the Township's financial statements.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of all interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. The major individual governmental funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Township of Casco**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*  
Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund accounts for the construction and maintenance of roads.

The Fire and Ambulance Fund accounts for the operating contributions made to the joint venture described in Note 7.

The Debt Service Fund accounts for the issuance and payment of debt related to Water and Sewer improvements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector standards.

Amounts reported as program revenue include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and interest income.

*d) Assets, liabilities, and net assets or equity:*

*i) Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

**Township of Casco**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

*d) Assets, liabilities, and net assets or equity (continued):*

*ii) Receivables and payables* - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All receivables are considered to be fully collectible.

*iii) Prepaid items* - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

*iv) Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., major road improvements), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The Township has the option of accounting for infrastructure assets retroactively to June 30, 1980, or prospectively beginning July 1, 2003. The Township has elected to account for infrastructure assets on the prospective basis. The Township includes shared road costs in its infrastructure. These costs represent the Township's portion of public road improvements for roads within the Township, which are owned by the County of Allegan.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Equipment	5 - 7 years
Shared road costs	20 years

*v) Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

*vi) Special assessment recognition:* In governmental funds, special assessment revenue is recorded as deferred when initially assessed. Revenues are recognized to the extent that special assessments are collected. Interest income on special assessments receivable is not accrued until its due date.

**Township of Casco**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the functional level. Amounts encumbered for purchase orders, contracts, etc., are tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public safety	Building inspections	\$ 1,650	\$41,048	\$39,398
	Community and economic development	Zoning/Board of appeals	88,100	95,897	7,797
	Capital outlay		17,000	18,020	1,020
Hospital	Health and welfare	Hospital	-	35,769	35,769

**NOTE 3 - CASH:**

The Township's cash, as presented in the government-wide statement of net assets, is as follows:

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Totals</u>
Deposits	<u>\$1,052,152</u>	<u>\$ 1,594</u>	<u>\$1,053,746</u>

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At June 30, 2004, the Township has deposits with a carrying amount of \$1,053,746 and a bank balance of \$758,739. Of the bank balance \$200,000 is covered by federal depository insurance, and \$558,739 is uninsured.

**NOTE 4 - RECEIVABLES:**

Receivables as of year end are as follows:

	<u>General</u>	<u>Debt service</u>	<u>Totals</u>
Intergovernmental	\$ 37,333	\$ -	\$ 37,333
Special assessments	<u>-</u>	<u>2,158,281</u>	<u>2,158,281</u>
<i>Net receivables</i>	<u>\$ 37,333</u>	<u>\$2,158,281</u>	<u>\$2,195,614</u>
Non-current portion	<u>\$ -</u>	<u>\$2,009,162</u>	<u>\$2,009,162</u>

**Township of Casco**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity of the Township for the current year was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Capital assets not being depreciated				
Land	\$ <u>72,930</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>72,930</u>
Capital assets being depreciated:				
Buildings	242,000	-	-	242,000
Equipment	33,492	6,554	-	40,046
Infrastructure - shared road costs	<u>-</u>	<u>30,337</u>	<u>-</u>	<u>30,337</u>
<i>Subtotal</i>	<u>275,492</u>	<u>36,891</u>	<u>-</u>	<u>312,383</u>
Less accumulated depreciated for:				
Buildings	(119,000)	(6,000)	-	(125,000)
Equipment	(25,506)	(4,611)	-	(30,117)
Infrastructure	<u>-</u>	<u>(758)</u>	<u>-</u>	<u>(758)</u>
<i>Subtotal</i>	<u>(144,506)</u>	<u>(11,369)</u>	<u>-</u>	<u>(155,875)</u>
Net capital assets being depreciated	<u>130,986</u>	<u>25,522</u>	<u>-</u>	<u>156,508</u>
<i>Total capital assets net of depreciation</i>	<u>\$ 203,916</u>	<u>\$ 25,522</u>	<u>\$ -</u>	<u>\$ 229,438</u>

Depreciation expense was charged to programs of the Township as follows:

General government	\$10,327
Public works, which includes the depreciation of general infrastructure assets	758
Community and economic development	<u>284</u>
<i>Total governmental activities</i>	<u>\$11,369</u>

**NOTE 6 - LONG-TERM DEBT:**

Long-term debt at June 30, 2004, is comprised of the following individual issues:

*Contracts payable:*

\$800,728 1995 water and sewer assessments, due  
in annual installments through 2017; interest at  
approximately 6.2%.

\$365,806



**Township of Casco**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 6 - LONG-TERM DEBT (Continued):

\$776,261 1998 water and sewer assessments, due in annual installments through 2019; interest at approximately 5.8% \$ 468,347

\$1,606,818 2000 water and sewer assessments, due in annual installments through 2021; interest at approximately 6.3% 1,144,808

\$243,471 contracts payable, due in various annual installments; interest at approximately 6% 179,320

*Total contracts payable* \$2,158,281

a) Long-term liability activity for the year ended June 30, 2004, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Contracts payable - 1995	\$ 411,934	\$ -	\$ (46,128)	\$ 365,806	\$ 28,139
Contracts payable - 1998	506,913	-	(38,566)	468,347	31,223
Contracts payable - 2000	1,228,153	-	(83,345)	1,144,808	67,342
Contracts payable	<u>192,571</u>	<u>-</u>	<u>(13,251)</u>	<u>179,320</u>	<u>22,415</u>
<i>Total liabilities</i>	<u><u>\$2,339,571</u></u>	<u><u>\$ -</u></u>	<u><u>\$(181,290)</u></u>	<u><u>\$2,158,281</u></u>	<u><u>\$149,119</u></u>

b) Debt service requirements at June 30, 2004, were as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended June 30:		
2005	\$ 149,119	\$132,726
2006	149,119	123,582
2007	149,119	114,440
2008	149,119	105,296
2009	149,119	96,155
2010 - 2014	700,762	344,972
2015 - 2019	577,241	143,697
2020 - 2024	<u>134,683</u>	<u>12,727</u>
<i>Totals</i>	<u><u>\$2,158,281</u></u>	<u><u>\$1,073,595</u></u>

The Township is contingently liable for \$6,623,832 of outstanding water and sewer system contracts payable, in excess of the amounts, which are to be repaid from collections of special assessments currently levied against properties within the Township. The Township has pledged its full faith and credit toward the total amounts due and anticipates that additional future assessments and other customer charges will be used to pay the contract liabilities.

**Township of Casco**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

At June 30, 2004, the composition of interfund balances is as follows:

<u>Fund</u>	<u>Interfund receivables</u>	<u>Fund</u>	<u>Interfund payables</u>
General	\$47,985	Roads	\$47,985

The amounts due to the General Fund represent short-term borrowing to cover road expenditures.

**NOTE 8 - JOINT VENTURE BALANCES AND TRANSACTIONS:**

The Township, together with the Township of South Haven, established a joint water and sewage treatment authority under the provisions of Public Act 233 of 1955, in order to acquire and operate water and sewage treatment systems to benefit both townships. The Township has advanced \$267,931 for its share of the costs of the authority, and anticipates reimbursement in the future, including interest of \$5,700.

The Township has joined the City of South Haven and the Townships of South Haven and Geneva in establishing a joint emergency services authority to provide fire and ambulance services in the authority's area of operation, which includes the Township of Casco. The operations of the emergency services authority are financed by taxes levied annually within the participating units of government. During the year ended June 30, 2004, the Township contributed \$268,861 toward the authority's operations.

The Township has joined the cities of South Haven and Bangor and the townships of South Haven, Geneva, and Covert in establishing a joint regional airport authority to provide airfield services in the authority's area of operation, which includes the Township of Casco. The operations of the regional airport authority are financed by annual contributions within the participating units of government, as well as hangar rentals and fuel sales. During the year ended June 30, 2004, the Township contributed \$25,001 toward the authority's operations.

**NOTE 9 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**Township of Casco**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 10 - CONSTRUCTION CODE ACT:**

A summary of construction code enforcement transactions for the year ended June 30, 2004, is as follows:

Revenues	\$59,797
Expenses	<u>41,048</u>
Excess of revenues over expenses	<u>\$18,749</u>

**NOTE 11 - CHANGE IN ACCOUNTING PRINCIPLES:**

Effective July 1, 2003, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets has been made to reflect the cumulative effect of this accounting change:

Net assets, as previously reported	\$ 1,112,617
Capitalization of capital assets, net of accumulated depreciation, not previously reported	203,916
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds	2,340,171
Long-term liabilities, including commercial loans, bonds and assessments payable, that were previously reported in the general long-term debt account group	<u>(2,339,571)</u>
Net assets, as restated	<u>\$ 1,317,133</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Township of Casco**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended June 30, 2004

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 117,601	\$ 117,601	\$ 122,432	\$ 4,831
Licenses and permits	33,025	33,025	59,797	26,772
State grants	215,000	215,000	224,514	9,514
Charges for services	18,500	18,500	25,760	7,260
Interest and rentals	34,500	34,500	30,503	(3,997)
Other	4,100	4,100	29,305	25,205
<i>Total revenues</i>	<u>422,726</u>	<u>422,726</u>	<u>492,311</u>	<u>69,585</u>
<b>EXPENDITURES</b>				
Legislative	<u>4,120</u>	<u>4,120</u>	<u>3,295</u>	<u>825</u>
General government:				
Supervisor	14,410	14,410	13,529	881
Election	4,450	4,450	268	4,182
Assessor	30,000	30,000	29,833	167
Clerk	27,110	27,110	22,518	4,592
Board of review	2,165	2,165	1,051	1,114
Treasurer	29,000	29,000	22,644	6,356
Building and grounds	41,150	41,150	10,204	30,946
Cemetery	28,700	37,200	28,446	8,754
Other	14,900	14,900	7,295	7,605
<i>Total general government</i>	<u>191,885</u>	<u>200,385</u>	<u>135,788</u>	<u>64,597</u>
Public safety - building inspections	<u>1,650</u>	<u>1,650</u>	<u>41,048</u>	<u>(39,398)</u>
Public works:				
Street lights	2,800	2,800	1,476	1,324
Transfer station	59,150	59,150	52,457	6,693
Drains	14,000	14,000	14,137	(137)
Airport authority	25,000	25,000	25,001	(1)
<i>Total public works</i>	<u>100,950</u>	<u>100,950</u>	<u>93,071</u>	<u>7,879</u>
Community and economic development - zoning/board of appeals	<u>73,100</u>	<u>88,100</u>	<u>95,897</u>	<u>(7,797)</u>

**Township of Casco****BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended June 30, 2004

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	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Recreation and culture - other	\$ 3,800	\$ 3,800	\$ 2,800	\$ 1,000
Capital outlay	14,200	17,000	18,020	(1,020)
<i>Total expenditures</i>	<u>389,705</u>	<u>416,005</u>	<u>389,919</u>	<u>26,086</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	33,021	6,721	102,392	95,671
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>781,829</u>	<u>781,829</u>	<u>781,829</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 814,850</u>	<u>\$ 788,550</u>	<u>\$ 884,221</u>	<u>\$ 95,671</u>

**Township of Casco**  
**BUDGETARY COMPARISON SCHEDULE - Road Fund**  
Year ended June 30, 2004

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	139,353	139,353	138,391	(962)
Interest	<u>-</u>	<u>-</u>	<u>223</u>	<u>223</u>
<i>Total revenues</i>	<u>139,353</u>	<u>139,353</u>	<u>138,614</u>	<u>(739)</u>
<b>EXPENDITURES</b>				
Public works	<u>132,000</u>	<u>132,000</u>	<u>56,837</u>	<u>75,163</u>
<i>Total expenditures</i>	<u>132,000</u>	<u>132,000</u>	<u>56,837</u>	<u>75,163</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	7,353	7,353	81,777	74,424
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>12,466</u>	<u>12,466</u>	<u>12,466</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 19,819</u>	<u>\$ 19,819</u>	<u>\$ 94,243</u>	<u>\$ 74,424</u>

**Township of Casco****BUDGETARY COMPARISON SCHEDULE - Fire and Ambulance Fund**

Year ended June 30, 2004

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	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	285,138	285,138	283,176	(1,962)
Interest	<u>-</u>	<u>-</u>	<u>813</u>	<u>813</u>
<i>Total revenues</i>	<u>285,138</u>	<u>285,138</u>	<u>283,989</u>	<u>(1,149)</u>
<b>EXPENDITURES</b>				
Public safety - Fire protection	184,385	184,385	183,724	661
Health and welfare - Ambulance	<u>87,931</u>	<u>87,931</u>	<u>85,137</u>	<u>2,794</u>
<i>Total expenditures</i>	<u>272,316</u>	<u>272,316</u>	<u>268,861</u>	<u>3,455</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	12,822	12,822	15,128	2,306
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>318,322</u>	<u>318,322</u>	<u>318,322</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 331,144</u>	<u>\$ 331,144</u>	<u>\$ 333,450</u>	<u>\$ 2,306</u>



## **SUPPLEMENTARY INFORMATION**

**Township of Casco****COMBINING BALANCE SHEET - Nonmajor Governmental Funds**

June 30, 2004

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	<u>Special revenue funds</u>		<i>Total</i>
	<u>Hospital</u>	<u>Senior Services</u>	<i>Nonmajor Governmental Funds</i>
<b>ASSETS</b>			
Cash	\$ <u>32</u>	\$ <u>21</u>	\$ <u>53</u>
<b>LIABILITIES AND FUND EQUITY</b>			
Liabilities:			
Accounts payable	\$ <u>32</u>	\$ <u>21</u>	\$ <u>53</u>
Fund balances:			
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund equity</i>	<u>\$ <u>32</u></u>	<u>\$ <u>21</u></u>	<u>\$ <u>53</u></u>

*Township of Casco*

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - *Nonmajor Governmental Funds***

*Year ended June 30, 2004*

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	<u>Special revenue funds</u>		<i>Total Nonmajor Governmental Funds</i>
	<u>Hospital</u>	<u>Senior Services</u>	
<b>REVENUES</b>			
Taxes	\$ 35,769	\$ 23,590	\$ 59,359
<b>EXPENDITURES</b>			
Health and welfare	<u>35,769</u>	<u>23,590</u>	<u>59,359</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	-
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>